Services Industries News About us Our locations Login



#### Advisory

### Ukraine and Russia conflict - update #3



Following our advisory issued yesterday, the situation continues to develop by the hour. As speculated, as a counter measure towards the western world sanctions, Russia has now closed Russian airspace for 36 specific countries, including all 27 EU countries, Canada and UK.

Dear Valued Customer,

Following our advisory issued yesterday, the situation continues to develop by the hour.

As speculated, as a countermeasure towards the western world sanctions, Russia has now closed Russian airspace for 36 specific countries, including all 27 EU countries, Canada and UK. This measure was expected but will nonetheless significantly impact flight schedules and, ultimately, the capacity situation.

On the ocean freight side, more carriers have opted for a temporary suspension of all bookings to/from Russia, with Maersk and ONE being the latest to announce the same.

Overall we expect the current situation will trigger an immediate capacity constraint across transport modes, as well as pressure on freight rate levels, including oil price increases.

In the following, we will provide an overview of the current situation within the different transport modes.

#### **AIRFREIGHT**

- All flights to/from Ukraine remain suspended.
- The European Union, Canada, and the UK have banned all Russian-owned and Russian-controlled aircrafts from entering their respective airspace
- · As a retaliation measure, Russia has just announced that Russian airspace will be closed for all countries that have banned Russia from airspace passage
- · Many airlines have already initiated to suspend a number of flights and design alternative routes, leading to extended flight time and increased fuel cost
- · Singapore Airlines, Swiss, Japan Airlines, FedEx, and UPS have suspended direct flights to/from Russia
- · Russian freighter carriers Airbridge and Volga are significantly impacted. They have cancelled the majority of flights to/from Asia, with this having a significant overall capacity impact
- · Asian airlines are not banned from Russian airspace, however, note, we also see Asian-based carriers cancelling flights.

#### **OCEAN FREIGHT**

- · All carriers have ceased service to/from Ukraine
- Maersk and ONE have announced today that they, similar to Hapag, will temporarily suspend all bookings to/from Russia
- The suspension has certain exceptions: medicine, food, and humanitarian supplies
- · Cargo onboard vessels will be re-routed and discharged at ports in the Black Sea and East Mediterranean. CMA CGM utilizes Constanza, Tripoli, and Piraeus, while Maersk has opted for Port Said and Korfez as a few examples.
- It remains unknown if the European Union will impose a ban on Russian-owned vessels destinating EU ports similar to the imposed flight ban.

We expect a continued increase in port congestion in the East Mediterranean and the Black Sea area as a result of re-routings taking place. From earlier incidents, i.e., Suez Canal incident last year, we have seen that trade lanes are inter-connected, leading to potential ripple effects throughout the network.

This situation comes on top of an already challenged ocean freight market, and we foresee it will lead to delays overall and keep up the pressure on rate levels.

### **ROAD TRANSPORT**

· All borders are closed to/from Ukraine with certain exceptions of Aid & Relief and Government & Defence movements.

## RAIL FREIGHT

- · Rail freight from Asia to and from Europe remains fully operational for now, despite intense speculation on the impact due to passage through Russia and Belarus.
- · Russian railways are included on the sanctions list from the US however, there is no ban on transport via Russia as we speak
- · Most of the focus is currently on the potential impact of Russia being excluded from the SWIFT payment system and how China rail freight providers will respond to this. For now, it is considered that transactions can still take place.

Despite no current actual impact, it is foreseen that Rail freight eventually will be impacted, and delays will come into effect.

We also assess that China will apply a continued push to keep the passage open considering China's investments in the Silk Road, which Rail freight is an important part of.

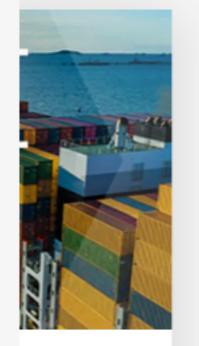
We encourage you to keep close contact with us for priority shipments, allowing constant dialogue on potential alternative routing options.

We are monitoring the situation closely and will communicate pro-actively on potential further steps impacting our ability to service shipments to, from, and via Russia.

All information is given to the best of our knowledge and is prone to change.

# Read the latest news on your future solutions in action

Expert market updates, articles, and logistics cases fresh from the world



08 Jan, 2024









Red Sea Update: Transitioning from chaos, to controlled volatility

As we enter day 24 of the Red Sea crisis, the situation is as such unchanged, with the industry having grown accustomed to utilising routing via

the Cape of Good Hope in the wake of Houthi...

03 Jan, 2024 Red Sea Update: The carrier limbo dance triggering increased uncertainty

Although three major ocean freight alliances are in place for sharing vessel capacity, recent events have made it painfully apparent that this does not translate into consistency in risk assessments,...

News

27 Dec, 2023 Red Sea Update: Continued uncertainty prompting divide amongst container carriers

Following the Christmas holidays, the situation in

the Red Sea remains fluid and uncertain. It is also

clear that carriers are currently divided in their risk

assessment, providing an overall blurry picture of...

>>

 $\bigcirc$   $\bigcirc$   $\bigcirc$   $\bigcirc$ 

**READ MORE ADVISORY** 



Get in touch Mads Drejer Global COO & CCO **4** +45 8742 5742

**EMAIL ME** 

Industries

Headquarter Denmark Tel +45 32 48 00 00

Fax +45 32 48 01 01

Services

Scan Global Logistics covers all of your

» Airfreight » Ocean Freight » Rail Freight

» Road Freight

» Aid & Relief » Automotive » Aviation & Aerospace » Energy » All industries

About

Discover Scan Global Logistics here: » Contact

» About us >> Our locations

» Career

» Press and Media